

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: November 9, 2017

Item Number: **039**

Purchasing Office

Authorize negotiation and execution of multi-term contracts with Account Control Technology, Inc., Credit Protection Association, L.P., and Transworld Systems, Inc., to provide primary level collection of delinquent utility accounts; and a multi-term contract with Penn Credit Corporation, to provide secondary level collection of delinquent utility accounts; each for up to five years for combined total contract amounts not to exceed \$4,650,000; divided among the contractors. (This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established.)

Lead Department	Purchasing Office.
Fiscal Note	Funding in the amount of \$852,500 is available in the Fiscal Year 2017-2018 Operating Budget of Austin Energy. Funding for the remaining contract terms are contingent upon available funding in future budgets.
Purchasing Language	The Purchasing Office issued a Request for Proposals (RFP) RMJ0309 for these services. The solicitation issued on February 27, 2017 and it closed on March 30, 2017. Of the nine offers received, the recommended contractors submitted the best evaluated responsive offers. A complete solicitation package, including a response list, is available for viewing on the City’s Financial Services website, Austin Finance Online Link: Solicitation Documents < https://www.ci.austin.tx.us/financeonline/vendor_connection/solicitation/solicitation_details.cfm?sid=116228 >.
For More Information	Inquiries should be directed to the City Manager’s Agenda Office, at

	512-974-2991 or AgendaOffice@austintexas.gov < mailto:AgendaOffice@austintexas.gov > NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Person: Brett Hardy, at 512-322-6122 or Brett.Hardy@austinenergy.com < mailto:Brett.Hardy@austinenergy.com >.
Council Committee, Boards and Commission Action	October 16, 2017 - Unanimously approved by the Electric Utility Commission on a 7-0 vote, with Commissioners Fath, Stout and Wray absent, and one vacancy.
Client Department(s)	Austin Energy.

Additional Backup Information:

These contracts will provide City utilities, managed by Austin Energy, with four vendors to collect delinquent and aged debt at the primary and secondary levels. Utility billing includes Austin Energy, Austin Water, Austin Resource Recovery, Public Works, Watershed Protection and Austin Code. These contracts will allow Austin Energy to collect on behalf of the other departments.

Primary: The first level of delinquent account collections placed with a vendor. Accounts placed at this level owe more than \$25 and are typically 6-12 months overdue. At 12 months, primary placements are transferred to the secondary level.

Secondary: Secondary placements are unpaid balances over 12 months old, but less than 24 months old. At 24 months, secondary placements are transferred to the tertiary level.

These are consecutive level collections meaning that no vendor could be awarded consecutive placement levels (primary through tertiary). A tertiary agency is already under contract through 2021. Payments on these contracts are commission based; expenditures are dependent on amounts collected by the vendors.

Account Control Technology, Inc., Credit Protection Association, L.P., and Transworld Systems Inc. will be responsible for the collection of primary level delinquent accounts. The three vendors combined will receive approximately 1,900 referrals per month with an average balance of \$700 each.

Penn Credit Corporation will be responsible for the collection of secondary level delinquent accounts. This vendor will receive approximately 1,200 accounts with an average balance of \$700 each.

These contracts will replace the current primary and secondary level contracts that expire on January 13, 2018. Total authorization for primary level collection is \$1,820,000 with current spend of \$1,520,533. Total authorization for secondary level collections is \$669,410 with the current spend of \$654,911. The total budget for these contracts is based on the average number of delinquent accounts and the current monthly expenditure rates.

Primary level services are currently being provided by Credit Protection Association, L.P. and Transworld Systems Inc. Account Control Technology, Inc. will be a new contractor to provide these services. Penn Credit Corporation is currently providing secondary level services.

An evaluation team with expertise in this area evaluated the offers and scored Account Control Technology, Inc., Credit Protection Association, L.P., and Transworld Systems, Inc. as the best to provide primary level collectionservices, and Penn Credit Corporation as the best to provide secondary level collectionservices based on evaluation criteria as listed on the matrix and consideration where each contractor will be most successful with regard to their collection program and how that relates to the City collection process.

This request allows for the development of a contract with a qualified offeror selected by Council. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that another qualified offeror may be selected, authorizing new contract negotiations.

Contract Detail

	Contract	Contract	Contract	Revised
	<u>Term</u>	<u>Amount</u>	<u>Amendment</u>	<u>Amount</u>
Initial Term	2	\$1,860,000	n/a	n/a
Extension Option 1	1	\$ 930,000	n/a	n/a
Extension Option 2	1	\$ 930,000	n/a	n/a
Extension Option 3	1	\$ 930,000	n/a	n/a
TOTAL	5	\$4,650,000	\$ -	\$ -